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FEDERAL MILK ORDER NO. 118
Southeastern Florida "

Marketing Area:

1. All territory, including governmental installations and institutions, in the Florida counties of Dade, Broward, Monroe, and Palm Beach.

Population (1950 Census): 723,662.

Principal places are: Miami, Fort Lauderdale, Key West, and West Palm Beach, Florida.

*Handler:

1. The operator of a regulated plant.
2. The operator of an unregulated distributing plant from which Class I fluid milk products are disposed of in the marketing area.
3. The operator of an unregulated plant from which Class I products are shipped to pool plants.
4. A cooperative association with respect to producer milk diverted under specified conditions.
5. Producer handler.

Producer-Handler:

1. A dairy farmer who operates a plant and distributes Class I milk received only from his own production.

*Producer:

1. Any person, except a producer-handler, who produces milk inspected and approved for fluid consumption by any health authority or, regardless of inspection is accepted by an agency of the Federal Government and received at a regulated plant or normally received at a regulated plant and diverted under specified conditions. (After December 31, 1960, a producer who delivers to an unregulated plant, loses status during the month in which such deliveries were made).

Regulated (Pool) Plant (except a producer-handler plant or a plant regulated under another order):

1. Distributing plant. A plant inspected and approved by any health authority and from which during the month:
 - a. Disposition of Class I milk on routes in the marketing area is 20 percent or more of receipts from dairy farmers and Class I receipts from other plants; and
 - b. Total route disposition of Class I milk is 50 percent or more of receipts from dairy farmers and Class I receipts from other plants.
2. Supply plant. A plant inspected and approved by any health authority for fluid consumption which during each of the months of December-March ships 50 percent or more of its total producer receipts to regulated distributing plants. In any other month shipments must be 40 percent of such receipts.

Method of Accounting for Milk:

1. Skim milk and butterfat are accounted for separately. Skim milk includes the fluid equivalent of reconstituted and concentrated products and the weight of fortified products up to normal content of milk solids.

Classification:* 1. Class I. All skim milk and butterfat:

- a. Disposed of in the form of milk, including concentrated and reconstituted milk; skim milk; frozen milk including whole or concentrated; flavored milk; fortified skim milk up to the weight of and equal volume of unmodified skim milk; and fortified milk up to the weight of an equal volume of unmodified milk of the same butterfat test.
- b. Not accounted for as Class II, III, or IV milk.

* 2. Class II. All skim milk and butterfat:

- a. Used to produce acidophilus milk, buttermilk, flavored drinks, fluid mixtures of cream and milk or skim milk, sweet and sour cream.
- b. Contained in inventories of Class I products at the end of the month.

* 3. Class III. All skim milk and butterfat:

- a. Used to produce any product other than a Class I or Class II product, including fortified milk and skim milk not in Class I.
- b. In shrinkage of other source milk.
- c. In shrinkage of producer milk not to exceed 2 percent.

* 4. Class IV. All skim milk:

- a. Disposed of for livestock feed or fertilizer.
- b. Dumped after prior notification of and verification by the market administrator.

Transfers Between Regulated Plants:

1. Transfers from one regulated plant to another:

- a. In the form of Class I products are Class I unless utilization in another class is claimed by both plants in which case producer milk at both plants receives priority in Class I over other-source milk.

Transfers to Unregulated Plants:

1. The following are Class I:

- a. Bulk transfers of milk and skim milk to unregulated plants less than 500 miles from Boca Raton, Florida, unless another class is claimed by the transferring handler and Class II utilization at the unregulated plant is equal to the transfer.
- b. Transfers of Class I products in consumer packages.
- c. All bulk transfers of milk and skim milk to plants 500 miles or more from Boca Raton, Florida.
- d. Bulk transfers of cream unless the transferring handler claims Class II and the unregulated plant has Class II utilization to the extent of the transfers.

* Receipts from Unregulated Plants:

1. Classification. Beginning with Class III, after deduction for shrinkage in producer milk, then Class II, subtract receipts from unregulated plants in the following order (remainder is Class I):

- a. Receipts not priced as Class I under another order and received from plants outside the State of Florida.
- b. Receipts not priced as Class I under another order and received from plants located in the State of Florida.
- c. Receipts priced as Class I under another order less disposition of unpriced skim milk by the unregulated plant.
- d. Non fluid products reprocessed at the plant.

2. Compensatory payments. Apply to "a" and "b" receipts in Class I above, whenever 95 percent or more of total deliveries of producer milk are used in Class I at all regulated plants. Payment rate: Class I price adjusted by location differential at plant where received from farmers, less:

- a. Florida plants, Class II price.
- b. Plants outside Florida, basic formula "b".

Class Prices:

1. Basic formula. The higher of the following:

- a. Midwest condenseries. Average price paid at Midwest condenseries (3.5 percent) and add Chicago 92-score butter price for the month x 0.625
- b. (Chicago 92-score butter price x 4.8) + (Chicago area spray powder price - 5 cents x 7.5).

* 2. Class I price shall be \$7.00 with a supply demand adjustment. Such adjustment is determined by the relationship between the ratio of producer receipts and gross Class I in second and third preceding months and standard utilization percentages provided in the order. Adjustment is 1.5 cents for each 1 percent that utilization in the market differs from the standard with a maximum total adjustment not to exceed 40¢, December 1, 1960 through May 1962. Adjusted price shall not exceed by more than \$4.00 the price computed in basic formula and be not less than such price plus \$2.75.

3. Class II. (Chicago 92-score butter price x 1.25 + 4 cents x 4) + (Chicago area spray powder price + 2.5 cents x 8.5).

* 4. Class III. (Chicago 92-score butter price x 1.25 + 4 cents x 4) + (Chicago area spray powder price - 8 cents x 8.5).

* 5. Class IV. (Chicago 92-score butter price x 1.25 + 4 cents x 4).

Butterfat Differentials:

1. All Classes and Producer. 7.5 cents for each one-tenth of one percent above or below 4.0 percent milk.

Location Differentials:

1. Class I and base and excess producer milk. Apply to plants located 60 miles or more from Boca Raton, Florida; deduct:

- a. 13.0 cents - 60 to 70 miles.
- b. 1.5 cents - each additional 10 miles.

Type of Pool:

1. Marketwide, monthly pool with base payments.

Expense of Administration:

1. Operators of regulated plants pay administrative costs not to exceed 4 cents per hundredweight of producer milk and other-source milk allocated to Class I, except that if a handler uses more than one accounting period in a month the rate may be multiplied by the number of accounting periods.
2. Operators of unregulated distributing plants pay the same rate as regulated plants on Class I route disposition in the marketing area (or if they elect to make payments to dairy farmers at order prices - see Special Handler Provisions) on all milk received from dairy farmers or all Class I milk whichever is greater.

Special Producer Provisions:

1. Marketing service. Deductions as authorized by membership contracts must be paid to qualified cooperative associations. A charge not to exceed 4 cents per hundredweight, deductible from non-members must be paid to the market administrator.
2. Base payment. Base payment plan applies entire year. Beginning February 1, 1961, each producer's daily base is computed by dividing the total pounds of milk delivered by the producer to all regulated plants during the months of August through December by the number of days during the period (not less than 120 days) with a new base effective February 1 of each year. From March 1, 1960 through January 31, 1961, effective base is computed by dividing deliveries during August 1959 through January 1960 by the number of days of delivery during the period (not less than 150 days).
 - a. Provides for bases for dairy farmers who become producers by virtue of plant status changing from unregulated to regulated.
 - b. Transfers may be made to any other person.
 - c. Joint-held bases may be divided among the joint holders upon request.
 - d. Producer who has no base or relinquishes his base is assigned a base equal to 50-70 percent (varies by months) of his deliveries until new bases are announced.

Special Handler Provisions (Unregulated Plants):

1. Plants subject to other Federal Orders. Handlers who dispose of a greater portion of their Class I milk on routes in the marketing area of another order, or who are determined to be regulated under another order and milk and skim milk disposed of from the plant is all Class I, are not subject to regulation under this order except for reports which may be required by the market administrator.

2. Unregulated plants not subject to other Federal Orders. Operators of such plants are required to:

- a. Submit required reports to the market administrator.
- b. Pay specified administrative assessment - see "Expense of Administration" provision.
- c. Make compensatory payments;
 - (1) On Class I route disposition in the marketing area; rate is that applicable to receipts from unregulated by regulated plants; or, if the handler so elects,
 - (2) On all milk received from dairy farmers; amount paid is the difference between class values at order prices and payments to dairy farmers.

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